REPORT ON THE 3RD QUARTER AND 1ST NINE MONTHS OF 2011

EMBRACING BOTH WORLDS

elringklinger

EMBRACING BOTH WORLDS

Whether we are talking about efforts to enhance the conventional combustion engine through downsizing or about developments in electromobility (i.e. solutions using batteries and fuel cells), ElringKlinger is one of just a small group of suppliers throughout the world with the expertise to manufacture high-end components for all drive technologies.

As a global development partner and original equipment manufacturer for cylinder-head and specialty gaskets, plastic housing modules, battery components and shielding components for engines, gearboxes and exhaust systems, ElringKlinger supplies the majority of vehicle and engine makers operating around the globe. We make direct use of this capacity for innovation to promote eco-friendly mobility coupled with sustainable and profitable growth. It is a challenge that the ElringKlinger Group, with its team of 5,800 employees at 38 sites around the world, is dedicated to meeting.

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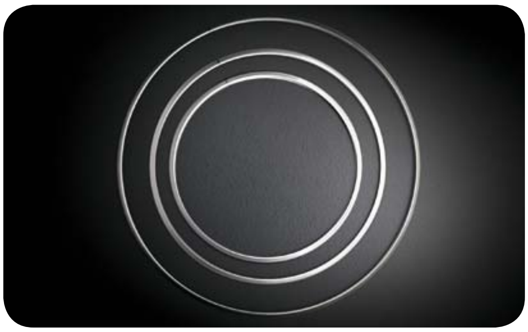


Macroeconomic Conditions and Business Environment

Global economic growth less dynamic

Despite losing some of its momentum, the global economy continued to grow in the third quarter of 2011. In this context, however, there was significant regional divergence in economic performance. While Germany's economy remained buoyant, the peripheral states of southern Europe were faced with a deteriorating debt crisis, causing an economic maelstrom within this region. At the same time, economic recovery in the United States remained tenuous. By contrast, the emerging economies of Asia – with China leading the way – continued to record strong economic growth rates.

Economic performance in Germany remains solid

Economic growth in Germany began to weaken slightly in the third quarter of 2011. The majority of indicators gauging economic sentiment suggest that the local economy is cooling. Having said that, the level of growth achieved by mid-2011 was higher than that recorded prior to the 2008/2009 crisis. Compared with the same period a year ago, the third quarter of 2011 saw Germany's gross domestic product (GDP) grow at a solid rate of 2.3 %.

Elsewhere, the eurozone as a whole came under increasing pressure as the financial and debt crisis continued to smolder in some of the member states. This had visible repercussions for the real economy. Overall, Europe recorded moderate GDP growth of 1.4 % in the third quarter of 2011.

Eastern Europe, too, was faced with slightly less dynamic growth in the period under review. Having said that, all of the Eastern European economies generated growth in GDP. Russia, for instance, saw its gross domestic product expand by a solid 5.0 %.

US recovery lacks conviction

The US economy was impacted not only by the protracted debate over raising the national debt ceiling but also by the downgrade in its credit rating through a credit agency. On the back of sluggish growth in the second quarter, year-on-year GDP growth stood at a modest 1.6 % in the third quarter of 2011.

Economic performance in South America remained buoyant on a high level, although the overall rate of growth was slightly less dynamic. In Brazil, the largest of the South American economies, GDP expanded by 3.4 % in the third quarter of 2011.

Asia as growth driver

Despite signs of a slight slowdown, China remained one of the principal growth drivers within the global arena, with the local economy expanding by 8.7 % in the third quarter of 2011. India's economy proved equally dynamic, generating GDP growth of 6.0 %.

Following the devastating natural disaster in March, the Japanese economy managed to regain its footing relatively quickly. After the initial slump in economic output Japan's subsequent redevelopment efforts produced fresh impetus for growth. Having said that, GDP contracted slightly in the third quarter 2011, down 0.1 %.

Global demand for cars remains buoyant

The global automotive markets developed along different lines over the course of the first nine months of 2011. The emerging markets of South America and Asia were again the main driving force behind solid demand for new vehicles.

Most of the European vehicle markets, meanwhile, are now trading against the backdrop of less favorable economic prospects, as a result of which car sales contracted during the first nine months of 2011. Nevertheless, global demand for passenger cars rose by 5.6 % year-on-year in the period from January to September.

German car production reaches record-breaking levels

The German automotive market retained its strength during the third quarter of 2011. In September alone new registrations increased by 8 % compared to the same month a year ago. In the first nine months of 2011 as a whole new vehicle registrations rose by 10.8 % to 2.4 (2.2) million units in Germany.

Fueled by strong overseas demand from Asia and the United States, production output by domestic car makers expanded by 7.2 % to 4.4 (4.1) million units in the first three quarters. This figure was in excess of the previous record achieved in 2007.

Car sales down in Western Europe – Growth in Eastern Europe

Among the major vehicle markets, Spain, Italy and the United Kingdom all recorded a significant downturn in the number of new cars registered over the course of the first nine months of 2011. In France, new vehicle sales were comparable to last year's figure. The substantial growth rates seen in Germany proved insufficient when it came to fully offsetting this unfavorable trend, as a result of which Western Europe as a whole saw its figure for new vehicle registrations decline by 0.9 % to 9.9 (10.0) million units.

In Russia, by contrast, demand for new cars surged by 44.7 % to 1.9 (1.3) million vehicles in the first nine months of 2011. However, the other Eastern European markets were faced with much more sluggish growth of 1.2 % in terms of automobile sales.

Continued recovery in US auto sales

The US automobile market remained on a path to recovery over the course of the first nine months 2011, with combined car and SUV sales rising to 9.5 (8.6) million units. This represented a year-on-year increase of 10.4 %. Despite the economic malaise and high unemployment figures, sales volumes in September 2011 were up 9.9 % on the same month last year, giving cause for hope in terms of a sustained recovery for the US vehicle market.

Having already expanded considerably, the South American markets had to contend with less dynamic growth in the period under review. In Brazil, the number of passenger cars and light commercial vehicles sold rose by 6.7 % to 2.5 (2.4) million units in the period from January to September 2011.

Growth trend in Asia remains unbroken – Japan gains ground

Although the Asian countries saw a slowdown in the dynamic levels of growth achieved until recently, demand for cars remained high in these markets. In China, the number of vehicles sold in the first nine months of 2011 reached 8.9 million, which corresponds to an increase of 9.9 % compared to the same period a year ago (8.1 million vehicles). In India, unit sales rose by 8.8 % to 1.9 (1.8) million vehicles in total. Demand for automobiles also continued to rise in the heavily populated ASEAN member states, such as Indonesia and Thailand.

The overall performance of the Japanese automotive market was dominated by the devastating natural disaster of March 2011. As a consequence of the damages caused by the tsunami, domestic car sales plummeted. However, as the year progressed vehicle sales picked up significantly. At 2.6 (3.5) million, however, the total number of vehicles sold in Japan during the first nine months was more than a quarter down on the figure recorded for the same period a year ago. In view of the below-average proportion of deliveries to Japanese car makers, the overall impact on the ElringKlinger Group was relatively low.

Growth in commercial vehicle market continues worldwide

Having benefited from the upward trend materializing after the crisis of 2009, the markets for commercial vehicles remained buoyant in the first nine months of 2011. With the exception of Greece, all European markets recorded an increase in the number of new trucks sold. Having said that, sales volumes have yet to return to those seen before the onset of the economic crisis.

In Germany, new commercial vehicle registrations rose by 29.4 % to 118,472 (91,588) units in the first nine months of 2011.

In Western Europe as a whole, truck sales increased by 32.3 % to 349,585 (264,219) million vehicles.

Eastern Europe again recorded the highest rate of growth: with 60,050 newly registered trucks, this region expanded by 93.0 % compared with the same period a year ago (31,119 vehicles).

North America also recorded continued growth in the number of heavy trucks (Class 8) sold during the first nine months of 2011. In September alone, monthly sales increased by 58.8 % compared to the same month a year ago.

Significant Events

Sale of Ludwigsburg industrial park

In the third quarter of 2011, ElringKlinger sold its Ludwigsburg industrial park (formerly Ziegelwerke Ludwigsburg) to current occupant Andreas Stihl AG & Co. KG. The relevant contracts were signed on August 30, 2011. As the book value of the industrial park was lower than the proceeds of the sale, ElringKlinger generated non-recurring other operating income of EUR 22.7 million in the Industrial Parks segment, which contributed to a higher operating result. At the same time, the company thus recorded an inflow of cash totaling EUR 34.0 million in the third quarter. As from October 1, 2011, the Ludwigsburg industrial park is no longer included in the accounts of ElringKlinger AG.

The proceeds from the sale of the industrial park, which is not part of the core business of the ElringKlinger Group, are to be used for the purpose of financing the Group's continued growth in areas of relevance to CO_2 reduction and exhaust technology as well as for the further expansion of its E-Mobility business division. Following the sale of the Ludwigsburg site, the industrial parks segment of the ElringKlinger Group still holds its largest complex in terms of area, located at Kecskemét in Hungary, and a further site in Idstein near Frankfurt am Main.

Additional expertise in lightweight engineering – Majority takeover of mold and tool manufacturer Hummel-Formen GmbH

On September 10, 2011, ElringKlinger AG and Hummel-Formen GmbH signed a purchase agreement for the acquisition of 90 % of the interests in the mold and tool manufacturer by ElringKlinger. The Hummel Group encompasses Hummel-Formen GmbH as well as Hummel-Formen Kunststofftechnik GmbH and two subsidiaries in Romania.

Specializing in the manufacture of large-scale molds for injection tools used in the production of plastic parts, the Hummel Group has established a unique selling proposition based on the combination of tooling, production and process development. In acquiring a majority interest, ElringKlinger has reinforced its expertise with regard to tooling technology and expanded its knowledge in the field of lightweight engineering, particularly in terms of incorporating fiber-reinforced composites. The replacement of heavy metal parts with lightweight plastics is currently considered one of the key trends within the automotive industry when it comes to reducing fuel consumption and lowering CO_2 emissions. Furthermore, ElringKlinger has secured major process patents that are currently being filed. Additional know-how within these areas will provide ElringKlinger with a significant competitive advantage both in terms of technology and cost structures.

In total, the Hummel Group employs 240 people in Germany and Romania. The Hummel Group plans to generate sales of approx. EUR 20 million in fiscal 2011, with an operating margin close to the double digit range. A third of its revenue originates from business with the ElringKlinger Group. The purchase price payable for the 90 % interest is around EUR 13.8 million.

The antitrust authorities approved the transaction on October 14, 2011, after the end of the reporting period for the third quarter. The takeover came into effect on October 24, 2011. Inclusion in the scope of consolidation of the ElringKlinger Group will take place retrospectively as at October 1, 2011.

Sales and Earnings Performance

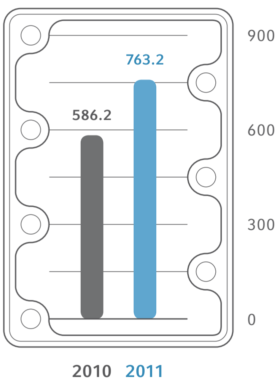
Revenue growth fueled by solid car demand and new product launches

Driven by buoyant demand for cars in the majority of markets around the globe, together with several product rollouts in the Original Equipment segment and the first-time contributions of acquisitions completed in 2011, revenue within the ElringKlinger Group rose by 30.2 % year on year to EUR 763.2 (586.2) million in the period from January to September 2011.

The flat gaskets business of the Freudenberg Group and the Swiss exhaust treatment specialist Hug, both of which were recently acquired by ElringKlinger, contributed a total of EUR 58.9 million to Group revenue in the first nine months of 2011. Excluding these acquisitions, sales revenue rose by 20.1 %. On this basis, organic revenue growth within the ElringKlinger Group yet again exceeded the percentage increase in global vehicle production by a considerable margin.

SALES 9 MONTHS

in EUR million



In the third quarter of 2011, revenue generated by the ElringKlinger Group amounted to EUR 264.4 million. This corresponds to growth of 30.6 % or EUR 61.9 million compared to the third quarter of 2010 (EUR 202.5 million). Expressed in terms of organic growth, the Group managed to lift revenues by 18.8 % or EUR 38.1 million.

Owing to seasonal factors, the third quarter usually sees a downturn in production as a number of manufacturers close their factories during the summer vacation period. In the period under review, however, third-quarter revenue also increased on a sequential basis, up EUR 10.0 million on the figure recorded in the second quarter of 2011 (EUR 254.4 million). Operating within this environment, the German sites in particular were forced to run close at maximum production capacity.

Integration of the metal flat gaskets business of the Freudenberg Group

The acquisition by ElringKlinger AG of the Freudenberg Group's metal flat gaskets business was closed effective from January 1, 2011. The acquired entities have been included in the scope of consolidation of the ElringKlinger Group as of this date. In total, the former Freudenberg enterprises contributed EUR 41.4 million to the consolidated revenues of the ElringKlinger Group in the first nine months of 2011. Of this total, EUR 13.0 million in revenue was attributable to the third quarter.

The contribution to earnings before taxes was minus EUR 1.8 million in the nine-month period. This includes the negative earnings effects of the purchase price allocation, equivalent to EUR 0.3 million. As part of measures implemented for the purpose of restructuring and raising efficiency levels, the Group recorded non-recurring staff costs of EUR 1.1 million. In the third quarter, the Group succeeded in further improving its earnings performance compared to the previous quarters. The loss before taxes attributable to the former Freudenberg enterprises was EUR 0.1 million, which includes the negative effect of the purchase price allocation equivalent to EUR 0.1 million.

Significant steps aimed at reducing costs and improving earnings performance at production level have already been implemented or are currently underway. These efforts include the automation of production processes and the rollout of high-end progressive system technologies. ElringKlinger AG is responsible for overseeing centralized functions to the largest extent possible. Cost savings and synergies are being implemented in the areas of Research and Development, Purchasing, Sales and Administration.

In Germany, the Gelting plant, which is now a site operated by ElringKlinger AG, will focus on the development and production of special exhaust system and turbocharger gaskets. The production equipment used for the manufacture of cylinder-head gaskets has been relocated to France and the to Runkel site operated by ElringKlinger AG.

Effective from September 1, 2011, ElringKlinger S.p.A, Italy, was merged into Oigra Meillor s.r.l., Italy, a considerably larger company formerly owned by Freudenberg. In the third quarter of 2011, the Gelting site as well as the Oigra-Meillor plant, located in Settimo, Torinese, were able to achieve operating margins that were already well within positive territory.

Integration of the Hug Group

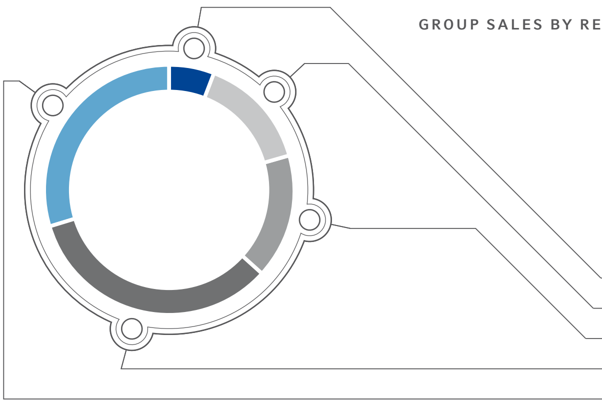
The majority takeover of Swiss-based exhaust treatment specialist Hug came into effect as of May 1, 2011, and the acquired entity was thus fully included in the scope of consolidation of the ElringKlinger Group for the first time.

The Hug Group thus contributed EUR 17.5 million to consolidated revenues generated by the ElringKlinger Group in the first nine months of 2011. The contribution to earnings before taxes was minus EUR 0.8 million. This relates to the negative earnings effects of EUR 0.8 million attributable to the purchase price allocation. The strength of the Swiss franc had an impact on the earnings performance at operating level. In the third quarter, Hug contributed EUR 10.8 million to consolidated revenues. Earnings before taxes were just within positive territory, despite the negative effect, equivalent to minus EUR 0.6 million, associated with the purchase price allocation.

In order to improve operational profitability, the company's cost structures are currently being optimized, also taking into account the aspect of foreign currency risk. Additionally, production processes are being automated.

As a supplier of diesel particulate filters and end-to-end exhaust gas purification systems, Hug was quick off the mark when it came to exploiting the considerable cross-selling opportunities presented to the company within sales channels operated by the ElringKlinger Group. As early as the third quarter, the Swiss-based company was able to secure an initial large-scale contract to equip construction machinery engines with exhaust aftertreatment technology; the order for series-produced components is within the lower double-digit million euro range. Hug is to supply exhaust aftertreatment systems that will comprise both a catalytic diesel particulate trap filter and a selective catalytic NOx reduction (SCR) unit. Within this context, the new ElringKlinger Cleancoat solution for soot reduction, which is free from precious metals, will be used in the diesel particulate filter.

GROUP SALES BY REGION 9 MONTHS 2011 (prior year) in %



SOUTH AMERICA AND OTHER	**6.0**	(6.7)
ASIA AND AUSTRALIA	**14.7**	(15.8)
NAFTA	**16.1**	(18.1)
REST OF EUROPE	**33.6**	(30.3)
GERMANY	**29.6**	(29.1)

Proportion of foreign sales remains above 70 %

The share of Group revenue attributable to domestic sales totaled 29.6 % in the first nine months of 2011, slightly higher than for the same period a year ago (29.1 %). This was due to the particularly dynamic pace of growth at a domestic level, which was even enough to outweigh the increase in revenues generated abroad as a result of acquisitions. Correspondingly, the percentage share of foreign sales in relation to total Group revenue declined slightly to 70.4 % (70.9 %). In this context, it should be noted that the majority of German-made vehicles and engines for which ElringKlinger supplies components are exported.

In Germany, revenue increased by 32.1 % year on year to EUR 225.6 (170.8) million in the period from January to September 2011. The Rest of Europe – excluding Germany – saw revenue expand by 44.5 % to EUR 256.8 (177.7) million, as a result of which it retained its position as the strongest revenue-generating region within the ElringKlinger Group. The disproportionately high rate of growth in this region was due to the consolidation of the flat gaskets unit of the Freudenberg Group, whose sales are primarily attributable to France and Italy, as well as the Hug Group, which also generates the majority of its sales in Europe.

Revenue generated from sales within the NAFTA region increased slightly in the third quarter of 2011 compared with the second quarter. In the second quarter of 2011, production downtime at suppliers and manufacturers in the wake of the Japanese crisis had adversely affected vehicle production in North America. In the first nine months of 2011, the ElringKlinger Group generated revenue of EUR 123.0 (106.0) million in North America. This corresponds to year-on-year growth of 16.0 %.

In South America, too, the sustained upturn in the Brazilian market in particular prompted a considerable increase in demand for ElringKlinger components. What is more, other South American countries, such as Argentina, are rapidly emerging as attractive markets for the automotive industry. In the period from January to September 2011, ElringKlinger managed to drive revenue up by 17.9 % year on year to EUR 46.1 (39.1) million in South America.

Revenue generated in Asia in the first nine months of the current financial year totaled EUR 111.7 (92.6) million. The year-on-year revenue increase of 20.6 % was supported to a large extent by business in the third quarter, which saw sales revenue surge by an impressive 30.2 %. This performance is a reflection of Japan's recovery, but is also attributable to the positive direction taken by the two Chinese subsidiaries. In building a new plant in Changchun, ElringKlinger had doubled its pro- duction space at that site. In response to the sustained buoyancy in order intake, the overall production space at the plant in Suzhou, in the south-east of China, is currently being expanded by around 5,000 square meters.

Original Equipment expands revenue by 36 %

Driven by solid demand for cars worldwide, several new product launches as well as the first-time revenue contributions from acquisitions – Hug as well as Freudenberg's flat gaskets business – made in the first half of the year, revenue generated within the Original Equipment segment increased by 36.4 % in the first nine months of 2011. As a result, revenue attributable to the Original Equipment segment stood at EUR 604.7 (443.3) million after the first nine months of the current financial year.

Although vehicle production figures for the third quarter of 2011 – particularly in Europe – were below those of the second quarter, Original Equipment again managed to drive its sales revenue forward quarter on quarter in the third quarter 2011. Compared with the third quarter of the previous financial year, sales revenue grew by 36.1 %.

Revenues generated by the business activities of Hug and the flat gaskets unit of Freudenberg – included in the scope of consolidation for the first time – were almost entirely attributable to the Original Equipment segment. Adjusted for these acquisitions, segment revenue amounted to EUR 545.8 million in the first nine months of 2011. Thus, organic growth within ElringKlinger's core business was yet again considerably higher than the percentage gains achieved by the international vehicle markets as a whole.

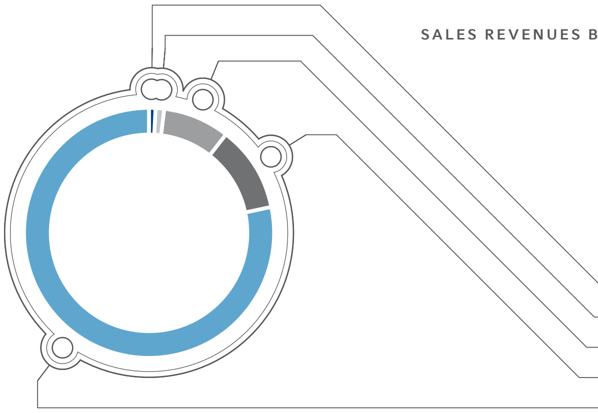
In particular, Plastic Housing Modules/Elastomer Technology and Shielding Technology recorded a disproportionately high level of growth in revenues. ElringKlinger has established itself as one of the technology leaders in the field of thermal and acoustic shielding components. What is more, the company has been benefiting from growing demand within this area in response to the trend towards compact, downsized engines equipped with turbochargers.

The overall earnings performance of the Original Equipment segment in the first nine months of 2011 was adversely affected by the year-on-year surge in commodity prices as well as the continued price-related pressures within the automotive industry. Having said that, commodity prices began to fall slightly over the course of the third quarter. The positive effects of lower prices generally tend to trickle through to ElringKlinger with a time lag, particularly in the case of alloy surcharges for high-grade steel. In the second and third quarters of 2011, in particular, production levels close to maximum capacity at the company's German plants resulted in expensive additional shifts in the area of manufacturing, higher logistics costs for extra deliveries and a significant increase in holiday and flexitime provisions.

In the period under review, a number of product launches were either in preparation or in the early stages of ramp-up. These included V-ring gaskets for turbochargers and lightweight plastic housing modules as well as innovative cell contact systems used in lithium-ion batteries.

Due to the current negative earnings contributions by the Freudenberg and Hug enterprises, which are accounted for entirely within the Original Equipment segment, total earnings before taxes generated within the Group's Original Equipment segment rose at a less pronounced rate – up 19.4 % – in relation to sales revenue. Segment earnings before taxes for the first nine months of 2011 amounted to EUR 57.9 (48.5) million.

SALES REVENUES BY SEGMENT 9 MONTHS 2011 (prior year) in %



SERVICES	**0.5**	(0.5)
INDUSTRIAL PARKS	**0.7**	(1.0)
ENGINEERED PLASTICS	**8.4**	(9.1)
AFTERMARKET	**11.2**	(13.8)
ORIGINAL EQUIPMENT	**79.2**	(75.6)

Strong trend in Aftermarket business continues

In the Aftermarket segment, revenues increased by 5.3 % to EUR 85.5 (81.2) million in the first nine months of 2011.

During the second and third quarters of 2011, aftermarket demand was at times too buoyant to be met in full by the company's own production facilities but also by external suppliers. This was due to the fact that the volumes requested at short notice by many car makers as part of their production scheduling remained high and production levels at the German plants within the Group were close to maximum capacity.

ElringKlinger was able to lift revenue slightly in North Africa and the Middle East, despite the volatile political and economic situation in these regions. In many of the European countries, by contrast, the lower number of older vehicles in circulation continued to have an adverse effect on demand for replacement parts. The average age of vehicles has fallen significantly, particularly as a result of scrappage schemes introduced by many governments in recent years. Aftermarket business continued to develop well in Eastern Europe. In fact, the Aftermarket segment recorded its highest growth rates within the Eastern European markets.

Benefiting from the takeover of the flat gaskets unit formerly operated by the Freudenberg Group, the Aftermarket segment will be able to expand its product range significantly with regard to both French- and Italian-made vehicles, as well as strengthening its position and competitiveness within the French and Italian markets.

Earnings before taxes for the Aftermarket segment totaled EUR 17.6 (16.6) million in the period from January to September 2011. This corresponds to an increase of 6.0 % compared with the same period a year ago.

Accelerated growth for Engineered Plastics

Within the Engineered Plastics segment, ElringKlinger Kunststofftechnik GmbH produces and sells components made of high-performance PTFE plastics (polytetrafluoroethylene). Buoyant demand from customers within the automotive, mechanical engineering and electrical engineering industries, in particular, saw segment revenue grow by 19.1 % in the first nine months of 2011, taking the figure to EUR 63.6 (53.4) million. Driven by new product launches, growth accelerated further in the third quarter of 2011, pushing revenue up by 25.7 % compared to the same quarter a year ago.

The ElringKlinger-plant in Suzhou is currently being equipped with its own production system for PTFE components, the aim being to penetrate more of the Chinese market for the Chinese subsidiary ElringKlinger Engineered Plastics (Qingdao) Commercial Co., Ltd.

Raw material prices for PTFE remained at an elevated level throughout the reporting period. In part, these price hikes had to be passed on to customers during the third quarter of 2011. Start-up costs for new products made of the injection-moldable material Moldflon® continued to have an impact. By contrast, optimization efforts within the area of production and improvements to quality management had a positive effect. In total, the Engineered Plastics segment managed to improve its EBIT margin in relation to the previous quarter. Earnings before taxes rose by 38.8 % to EUR 11.1 (8.0) million in the first nine months of 2011.

One-off gain on disposal within Industrial Parks segment

Rental income generated in the Industrial Parks segment totaled EUR 5.8 (6.0) million in the first nine months of 2011.

In the third quarter, ElringKlinger sold one of the three industrial parks within its portfolio. The chapter entitled “Significant Events” on page 5 includes further details relating to the disposal of the Ludwigsburg industrial park. As a result of the book gain achieved on disposal, the Industrial Parks segment posted earnings before taxes of EUR 24.7 (2.2) million. Adjusted for the one-time gain on disposal of EUR 22.7 million, segment earnings before taxes amounted to EUR 2.0 million.

Strong customer demand for engineering services

Within the Services segment, ElringKlinger provides the automobile industry as well as other suppliers with an extensive range of development and testing services.

After relatively sluggish business in 2010, Elring Klinger Motortechnik GmbH saw a significant increase in the number of project enquiries by vehicle and engine manufacturers over the first nine months of 2011. Within this context, the Services segment recorded a particularly strong surge in demand in the area of emission technology. Engineering services relating to SCR (Selective Catalytic Reduction) technology for nitrogen oxide reduction proved particularly popular among customers.

Against this backdrop, revenues generated by the Services segment in the first nine months of 2011 increased by 21.7 % to EUR 7.3 (6.0) million. Rising faster than sales revenue, earnings before taxes totaled EUR 1.1 (0.7) million in the same period.

Headcount up due to acquisitions and expanding capacity levels

As at September 30, 2011, the ElringKlinger Group employed 5,836 (4,576) people worldwide. This corresponds to a year-on-year increase of 27.5 %, which is equivalent to 1,260 more staff. At the end of September 2011, the metal flat gaskets unit taken over from the Freudenberg Group as well as the Swiss-based Hug Group in which ElringKlinger acquired a majority interest employed 356 and 208 people respectively. Excluding the acquisitions, the total headcount would have risen by 15.2 %, i.e. at a slower rate in relation to revenue growth generated within ElringKlinger's core business, which stood at 20.1 % in the first nine months.

Staffing levels at the foreign subsidiaries and joint venture companies increased at a more pronounced rate than in Germany. This was attributable mainly to the further expansion of capacity levels at the Chinese sites operated by the Group. In North and South America, too, more expansive production output and the continued influx of orders necessitated additional recruitment. Also the recent acquisitions resulted in a higher headcount outside Germany, as the majority of staff employed by the former Freudenberg unit and the Hug Group are based in Switzerland, France and Italy.

In total, the number of staff employed abroad rose by 45.5 % to 3,206 (2,203). Therefore, the proportion of personnel employed at the international subsidiaries and joint ventures was 54.9 % (48.1 %). As at September 30, 2011, the headcount in Germany stood at 2,630 (2,373). Thus, the number of jobs provided by the ElringKlinger Group within its domestic market was higher than a year ago, with the domestic employment figure rising by 10.8 %.

Solid financial performance despite start-up costs for expansion of new business areas

The overall financial performance of the ElringKlinger Group remained consistently solid in the first nine months of 2011.

Having said that, the significant boost in revenue and the positive effects of ongoing efficiency improvements were offset to some extent by a disproportionately large increase in staff costs. Additionally, cost structures were influenced by the substantial year-on-year increase in material prices in the first nine months. The significantly lower gross margins currently generated by the new acquisitions exerted downward pressure on the Group's gross profit margin, equivalent to 1.3 percentage points.

Having been brought forward by ElringKlinger from April to February 2011, the collective wage increase of 2.7 % for the Group's German sites resulted in higher staff costs in the period under review. The rise in costs incurred by ElringKlinger AG was also largely attributable to the pre-expenses required for the gradual expansion of the E-Mobility unit. Whereas staff costs within this area were relatively high, revenue as yet remained negligible.

Compared to the same period a year ago, the costs of practically all the raw materials used by the company surged dramatically in the first nine months of 2011, reaching extremely high levels in the case of the majority of materials required by ElringKlinger. In order to restrict material costs and safeguard the volumes required, ElringKlinger has negotiated long-term supplier contracts wherever possible. Rising costs are also counterbalanced by optimized product designs, the use of new, more cost-effective materials and streamlining measures in production.

Against the backdrop of the debt and financial crisis, together with signs of economic cooling in some cases, commodity prices began to retreat from mid-2011 onward, particularly with regard to nickel. There generally tends to be a time lag of between three to four months before these effects trickle through to ElringKlinger's business.

In the second and third quarters, several customers increased at short notice the just-in-time volumes of components required as part of their production scheduling. At the same time, factory vacations were cancelled or significantly curtailed. This prompted overtime and extra shifts in production at ElringKlinger's sites in Germany, as well as necessitating non-scheduled deliveries. As a result, the company recorded a disproportionately large increase in costs attributable to manufacturing operations and logistics. Against this backdrop, significant provisions were formed in respect of flexitime. Furthermore, the company was unable to reduce vacation provisions as planned.

Dilutive effect of acquisitions

At plus 36.0 %, the cost of sales increased at a faster rate than sales revenue in the first nine months of 2011. The gross profit margin achieved in the first nine months of 2011 was 27.6 %, compared with 30.7 % in the same period a year ago. The inclusion of the metal flat gaskets business previously owned by the Freudenberg Group, together with the integration of the Hug Group, had a dilutive effect of around 1.3 percentage points on the Group's gross profit margin. The cost of sales included EUR 1.1 million in non-recurring staff costs attributable to the integration of the metal flat gaskets unit formerly operated by the Freudenberg Group. In the third quarter the gross profit margin stood at 27.5 %.

Higher R&D expense

In the first nine months of 2011, research and development costs within the ElringKlinger Group rose by EUR 5.2 million compared to the same period a year ago. In total, research and development costs increased by 16.4 % to EUR 37.0 (31.8) million. Despite a significant expansion in the R&D budget, research and development expense expressed in relation to Group revenue fell to 4.8 % (5.4 %) as a result of dynamic revenue growth.

In addition to developing several new applications for existing technologies within its core business, ElringKlinger focused in particular on significantly extending its activities in the new E-Mobility division. Now employing more than fifty engineers and technicians, this unit is currently overseeing new customer projects and developing additional applications for cell contact systems to be used in next-generation cylindrical and prismatic cell structures. While this area has incurred significant costs, as well as requiring other pre-expenses, it has not yet made any significant revenue contributions.

The third quarter saw the introduction of the first industrial-scale production line for the series production of cell contact systems required for lithium-ion batteries, which are used in hybrid as well as pure electric vehicles. ElringKlinger has now established an important competitive edge within this area, both in terms of its production technology and the manufacturing processes specially developed for this purpose.

In the first nine months of 2011, the company received EUR 1.8 (2.0) million in government grants for ongoing development projects in the area of E-Mobility. Of this total, an amount of EUR 0.6 (0.6) million was attributable to the third quarter. In parallel, however, the company incurred much higher expenses relating to development activities and prototyping.

Of the R&D costs amounting to EUR 37.0 (31.8) million, a total of EUR 3.9 (3.1) million was capitalized in the first nine months of 2011. At the same time, systematic depreciation/amortization amounted to EUR 3.2 (2.7) million, as a result of which this item had no significant effect on earnings.

Up 22.0 %, selling expenses increased at a less pronounced rate than sales revenue. By contrast, general and administrative expenses – partly due to the recent acquisitions – outpaced revenue growth, rising by 36.2 % in the period under review.

Non-recurring income from sale of Ludwigsburg industrial park

In the third quarter of 2011, ElringKlinger recorded a non-recurring gain of EUR 22.7 million on the disposal of the Ludwigsburg industrial park, as outlined above. As a result, other operating income rose by EUR 21.8 million to EUR 29.8 million in the first nine months of 2011 as a whole.

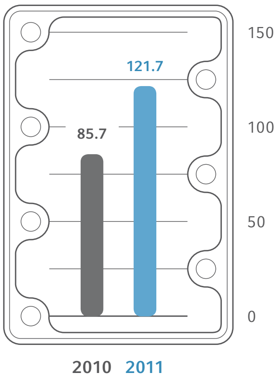
Adjusted operating result of EUR 35 million in Q3

Earnings before interest, taxes, depreciation and amortization (EBITDA) were up EUR 42.7 million on last year's result, taking the total to EUR 187.5 (144.8) million. Excluding one-off income from the sale of the industrial park, EBITDA in the third quarter of 2011 rose by EUR 8.9 million to EUR 59.4 (50.5) million.

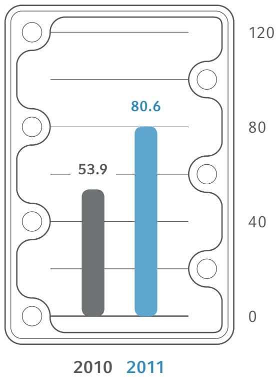
Owing to the substantial investments seen in previous years and the acquisition-specific factors, depreciation and amortization increased by EUR 6.7 million to EUR 65.8 (59.1) million in the first nine months of 2011.

The company managed to improve its operating result by 35.4 % to EUR 124.0 (91.6) million in the first nine months of 2011. In the third quarter of 2011, ElringKlinger recorded an operating result of EUR 58.0 (34.0) million. Adjusted for non-recurring income from the sale of the Ludwigsburg industrial park, the operating result stood at EUR 35.3 million and was thus up 3.8 % on the result posted in last year's buoyant third quarter. At the same time, the third-quarter figure was sequentially higher than that of Q2 2011, which had produced an operating profit of EUR 33.3 million.

EBIT 9 MONTHS
in EUR million



PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF ELRINGKLINGER AG 9 MONTHS
in EUR million



Adjusted for the non-recurring effects outlined above, the operating margin stood at 13.4 % (16.8 %) in the third quarter, compared to 13.1 % in the second quarter of 2011. Within this context, the negative contribution made by recently acquired entities has to be taken into account accordingly. Eliminating the dilutive effect on earnings associated with the acquisition of Freudenberg and Hug operations, the operating margin of ElringKlinger's core business was 14.8 % in the third quarter.

Adjusted EBIT totals EUR 37.5 million in the third quarter

Due to foreign exchange losses of EUR 2.3 million, earnings before interest and taxes (EBIT) – this figure includes foreign exchange gains and losses – fell short of the operating result in the first nine months of 2011, rising by 42.0 % to EUR 121.7 (85.7) million. Excluding non-recurring income discussed earlier, EBIT rose by 15.5 % to EUR 99.0 million.

Foreign exchange effects were positive, equivalent to EUR 2.2 million in the third quarter. Compared to the previous quarters, the Swiss franc-denominated loan with which ElringKlinger AG had financed the purchase consideration payable in connection with the acquisition of the Swiss-based SEVEX Group back in 2008 had no adverse effects on earnings in the third quarter of 2011. Group EBIT amounted to EUR 60.2 (31.7) million. Adjusted for non-recurring income, ElringKlinger increased its third-quarter EBIT by 18.3 % to EUR 37.5 million.

Earnings before taxes up 48 % after nine months

Net finance costs fell by EUR 3.9 million to EUR 11.6 (15.5) million in the first nine months of 2011, supported by less pronounced foreign exchange losses compared to the same period a year ago as well as lower interest costs.

In the third quarter of 2011, the direction taken by foreign exchange rates contributed significantly to the reduction in the Group's net finance costs to EUR 0.8 (5.4) million, a considerable improvement on the third quarter of 2010, which had been impacted by unusually large foreign exchange losses.

Against this backdrop, earnings before taxes totaled EUR 112.3 (76.1) million after the first nine months of 2011, which corresponds to a year-on-year increase of 47.6 %. In the third quarter of 2011, Group earnings before taxes rose by a total of EUR 28.7 million to EUR 57.2 (28.5) million, buoyed also by income from the divestment of the Ludwigsburg industrial park.

EUR 81 million in net income after minority interests

Compared to the same period last year, the Group's income tax rate increased slightly to 26.1 % (25.9 %) in the first nine months of 2011. On this basis, the ElringKlinger Group generated net income of EUR 83.0 (56.4) million in the first nine months of 2011.

In the third quarter of 2011 the tax rate was lower than that applicable in the same quarter of 2010. Therefore, net income rose at a more pronounced rate, up EUR 21.5 million to EUR 42.2 (20.7) million.

Net income after minority interests (profit attributable to shareholders of ElringKlinger AG) totaled EUR 80.6 (53.9) million in the first nine months of 2011. As at September 30, 2011, the number of ElringKlinger AG shares outstanding following the seasoned equity offering of October 6, 2010, was 63,359,990 (57,600,000). On this basis, basic and diluted earnings per share totaled EUR 1.27 (0.94).

After taxes and minority interests of EUR 1.2 (1.0) million, net income for the third quarter of 2011 was EUR 41.1 (19.7) million. Earnings per share for the same period stood at EUR 0.65 (0.34).

Financial Position and Cash Flows

With an equity ratio of 50.9 % and an operating cash flow well within the positive territory, the ElringKlinger Group remained solid both in terms of its financial position and liquidity at the end of the reporting period at September 30, 2011.

As at September 30, 2011, total assets amounted to EUR 1,140.3 (880.3) million, up EUR 260.0 million on the figure posted at September 30, 2010. Alongside the seasoned equity offering implemented in October 2010, sizeable investments in property, plant and equipment as well as the contribution made by recently acquired entities played a major role. In a direct year-on-year comparison, it should be taken into consideration that the metal flat gaskets business acquired from the Freudenberg Group and the recently acquired Hug Group, Switzerland, have been included in the scope of consolidation of the ElringKlinger Group since January 1, 2011, and May 1, 2011, respectively. The effects of these acquisitions on the assets and liabilities of the ElringKlinger Group are presented in detail in the Notes to the financial statements for the first and second quarter of 2011.

Non-current assets rose by EUR 101.1 million compared to the figure posted at September 30, 2010, and stood at EUR 666.0 (564.9) million at the end of the period under review. The significant year-on-year increase in non-current assets was attributable primarily to the expansion of assets in the area of property, plant and equipment, up EUR 84.5 million to EUR 514.2 (429.7) million, which was due mainly to investments in new buildings, production plant and machinery. The sale of the Ludwigsburg industrial park in the third quarter of 2011 had a contrary effect. As regards assets, this resulted in a reduction in investment property by EUR 12.5 million to EUR 13.8 (26.3) million.

Intangible assets rose by EUR 22.6 million to EUR 112.1 (89.5) million as at September 30, 2011. This was attributable first and foremost to the acquisitions of the Freudenberg entities and the Hug Group.

Working capital up due to revenue growth and acquisitions

ElringKlinger raised its stock levels in response to the surge in demand and more expansive production output. Compared to the figure posted at September 30, 2010, inventories rose by EUR 70.9 million to EUR 193.5 (122.6) million, influenced to a certain extent by the recent acquisitions. The second-quarter inclusion of the Swiss Hug Group alone prompted a surge in inventories by EUR 16.0 million. As a result of changes to the accounting policy for customized tools, implemented as at January 1, 2011, according to which customized tools are accounted for as inventories until the point of completion and subsequently recognized in profit or loss when billed to the customer, inventories grew by EUR 12.7 million in the first nine months of 2011. Of this amount, EUR 2.1 million was attributable to the third quarter. ElringKlinger also took advantage of the downward price trend witnessed in the commodity markets since the end of the second quarter of 2011 and increased its inventory levels at prices that were more favorable. The share of inventories in total assets thus rose to 17.0 % (13.9 %) as at September 30, 2011.

Capital tied up in trade receivables increased by 35.3 % year on year, up EUR 50.4 million to EUR 193.0 (142.6) million as at September 30, 2011. Receivables rose at a slightly more pronounced rate than Group revenue (30.2 %), which was attributable mainly to the consolidation of the recently acquired entities.

Other current assets within the Group increased significantly year on year to EUR 31.0 (13.4) million at the end of the reporting period. As at September 30, 2011, other assets included receivables of EUR 14.4 million from an insurer (cf. Notes, page 45). As at June 30, 2011, this specific receivable had totaled EUR 24.4 million. In parallel, the Group accounted for other liabilities of a corresponding amount. By September 30, 2011, an amount of EUR 17.4 million had been paid byElringKlinger, of which EUR 10.0 million in the third quarter of 2011.

As at September 30, 2011, cash held by the ElringKlinger Group amounted to EUR 56.6 (34.3) million.

Growth strategy underpinned by solid equity ratio of 51 %

Compared to September 30, 2010, changes to the equity ratio of the ElringKlinger Group were dominated by the seasoned equity offering of October 2010. As a result, share capital increased from EUR 57.6 million to EUR 63.4 million. The share premium from the issue of equity was allocated to capital reserves, which consequently rose by EUR 115.5 million to EUR 118.2 (2.7) million.

Larger allocations were made to revenue reserves, from annual net income for 2010 as well as the net income generated during 2011, as a result of which revenue reserves increased by EUR 70.0 million – despite the higher dividend payout of EUR 22.2 million in 2011. As at September 30, 2011, revenue reserves stood at EUR 362.5 (292.5) million.

In total, Group equity expanded by EUR 206.2 million to EUR 580.9 (374.7) million as at September 30, 2011.

The equity ratio rose to 50.9 % (42.6 %), primarily as a result of higher revenue reserves in the third quarter together with a decline in financial liabilities.

Net debt scaled back significantly in third quarter of 2011

In order to benefit from changing yield curves, ElringKlinger scaled back its non-current financial liabilities by EUR 14.9 million – to EUR 132.9 million – compared to September 30, 2010. Current financial liabilities, by contrast, were expanded by EUR 18.8 million to EUR 121.2 million.

In total, financial liabilities rose by EUR 3.9 million year on year to EUR 254.1 (250.2) million. In the first half of 2011, ElringKlinger had expanded its bank borrowings for the purpose of funding its acquisitions as well as for the interim financing of its dividend payout and the partial financing of working capital and property, plant and equipment. In the third quarter of 2011, the ElringKlinger Group was able to reduce its net financial liabilities from EUR 271.1 million as at June 30, 2011, to EUR 254.1 million at the end of the reporting period.

As a result, the Group’s net debt (non-current and current financial liabilities less cash) stood at EUR 197.5 million as at September 30, 2011. Compared to September 30, 2010 (EUR 215.9 million), net debt was down EUR 18.4 million. Compared to June 30, 2011 (EUR 227.4 million), net debt was scaled back by EUR 29.9 million in the third quarter.

Trade payables rose to EUR 50.3 (37.2) million as at September 30, 2011, due to higher production output as well as the recent acquisitions.

Overall, the share of liabilities in total equity and liabilities was lower, accounting for just 49.1 % (57.4 %) of this total as at September 30, 2011. At the end of the second quarter of 2011 this figure had stood at 52.1 %.

Operating cash flow stronger quarter on quarter in Q3

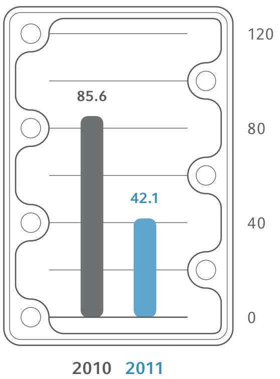
In the first nine months of 2011, ElringKlinger achieved positive net cash from operating activities of EUR 42.1 (85.6) million. After operating cash flow had been negative in the second quarter of 2011 (minus EUR 3.5 million), the net figure recorded in the third quarter 2011 was well within positive territory at EUR 23.2 (37.1) million.

This was attributable to the following opposing factors: on the one hand, earnings before taxes were higher and depreciation/amortization rose by EUR 6.7 million to EUR 65.8 (59.1) million; on the other hand, inventories, trade receivables and other assets attributable to operating activities increased substantially by EUR 80.6 (62.1) million in the first nine months of 2011. In response to the slight downturn in commodity prices since the second quarter of 2011, ElringKlinger opted for an expansion of stock levels. The increase in inventories in the first nine months of 2011 was also attributable to tools billed to customers, which in contrast to the year before are no longer capitalized. This accounted for a rise of EUR 12.7 million in inventories. Other assets also included the insurance claim discussed earlier (cf. Notes, page 45), which accounted for EUR 14.4 million of the overall increase in receivables in the period under review. As regards the gains and losses on disposal of non-current assets, an amount of EUR 22.7 million was attributable to the gain on disposal of the Ludwigsburg industrial park.

In the third quarter of 2011, inventories, trade receivables and assets not attributable to investing or financing activities rose by just EUR 7.7 (13.0) million. This was mainly attributable to the insurance claim discussed earlier, EUR 10.0 million of which was reimbursed in the third quarter. As a result, the increase in inventories and trade receivables was partially offset. Otherwise, they would have exceeded last year's third-quarter figure, given the rate of growth in production output.

NET CASH FROM OPERATING ACTIVITIES 9 MONTHS

in EUR million



Trade payables and other liabilities not attributable to investing or financing activities were scaled back by EUR 20.1 million in the first nine months of 2011. Of this amount, EUR 17.4 million was attributable to the insurance incident discussed earlier. By contrast, trade payables and other liabilities not attributable to investing or financing activities had expanded by EUR 13.2 million in the same period a year ago.

In the third quarter of 2011, trade payables and other liabilities not attributable to investing or financing activities were reduced by EUR 18.3 million. In the same quarter a year ago, trade payables and other liabilities not attributable to investing or financing activities had risen by EUR 3.7 million. In the third quarter of 2011, a total of EUR 10.0 million was paid in connection with the abovementioned insurance incident. This cash outflow was matched by a corresponding insurance payment to ElringKlinger of the same amount. As regards operating cash flow for the third quarter, the aforementioned effects relating to the insurance incident outlined above offset each other.

In the first nine months of the previous financial year, provisions totaling EUR 1.1 million had been used or reversed. By contrast, the overall level of provisions remained largely unchanged from January to September 2011. In the third quarter of 2011, provisions totaling EUR 0.3 (0.3) million were used or reversed.

Cash flow from investing activities boosted by disposal of Ludwigsburg industrial park

As discussed earlier, ElringKlinger disposed of its Ludwigsburg industrial park in the third quarter of 2011. From the purchase consideration paid, ElringKlinger AG recorded an inflow of cash amounting to EUR 34.0 million. Therefore, the total inflow of cash from the disposal of property, plant and equipment, intangible assets and investment property stood at EUR 35.1 (0.7) million in the first nine months of 2011.

Over the course of the first nine months of 2011, ElringKlinger invested a total of EUR 82.7 (89.4) million in property, plant and equipment, investment property and intangible assets. As a result, the investment ratio was down slightly at 10.8 % of sales revenue. In the third quarter, investments totaled EUR 29.5 (31.1) million.

As well as channeling the majority of funds into plant construction and expansion, the Group invested in machinery for new product start-ups and streamlining projects.

At the corporate headquarters in Dettingen/Erms, the first series production plant for the manufacture of complete cell contact systems for lithium-ion batteries was installed and put into operation. In response to buoyant order intake in China, production space at the site in Suzhou is currently being expanded by 5,000 square meters.

With the express purpose of streamlining costs, ElringKlinger invested in the optimization and automation of production processes at the manufacturing sites operated by the recently acquired enterprises formerly owned by Freudenberg. The focus here was on the French sites in Nantiat and Chamborêt.

At its site in Dettingen/Erms (Germany), ElringKlinger is currently building a new, fully automated plant for plastic housing modules, with production space of around 20,000 square meters. As from the beginning of 2012, the new plant will produce lightweight components such as oil pans, cam covers and transmission casings with integrated sealing systems for the car and, increasingly, truck industry. Up to September 30, 2011, a total of EUR 13.6 million went into the construction of the new plant.

The cash outflow for investments thus amounted to EUR 134.7 (89.9) million in the first nine months of 2011. Within this context, EUR 51.6 million was attributable to the two acquisitions and was paid as early as the first and second quarter of 2011. In the third quarter, cash outflows totaled EUR 29.7 million.

Net cash used in investing activities totaled EUR 99.2 (88.6) million in the first nine months of 2011. In the third quarter, the ElringKlinger Group generated positive net cash from investing activities of EUR 4.5 (minus 31.1) million.

Due to the proceeds attributable to the sale of the Ludwigsburg industrial park, operating free cash flow (cash flow from operating activities less cash flow from investing activities, adjusted for payments in respect of acquisitions) in the third quarter of 2011 was considerably higher than in the same period a year ago, rising to EUR 27.7 (6.0) million.

Significant reduction in financial liabilities

Net cash from financing activities amounted to EUR 10.2 (9.1) million at Group level in the first nine months of 2011. While net financial liabilities taken on by the Group amounted to EUR 28.1 (21.3) million, the payout to shareholders and minority interests was up by EUR 10.9 million.

In the third quarter of 2011, the Group took on non-current financial liabilities totaling EUR 21.8 million. By contrast, current financial liabilities amounting to EUR 34.2 million were repaid. In total, ElringKlinger scaled back its financial liabilities by EUR 15.8 (1.4) million during this period. As a result, net cash used in financing activities stood at EUR 16.7 million in the third quarter of 2011, compared to EUR 1.9 million in net cash used in financing activities in the same period a year ago.

At the end of the third quarter of 2011, cash held by the ElringKlinger Group amounted to EUR 56.6 (34.3) million.

Opportunities and Risks

As regards the assessment of opportunities and risks for the ElringKlinger Group, the third quarter of 2011 saw no fundamental changes to the opportunities and risks discussed in the annual report of the ElringKlinger Group for the financial year 2010 (Annual Report 2010, pages 84 to 96), with the exception of the factors discussed below. The 2010 Report on Opportunities and Risks can be accessed at **http://www.elringklinger.de/gb2010/report-on-opportunities-and-risks*** . The potential risk of contagion from the debt and financial crisis to the wider business environment and the real economy as a whole has increased with regard to the European region in particular.

* INTERNET LINK

Minimal risks from the effects of the natural disaster in Japan

The potential risks discussed in the report on the first quarter of 2011 with regard to the tsunami disaster and the subsequent production shortfalls in Japan can now be considered less severe than previously outlined. There was no tangible evidence of any significant impairment of sales and earnings performance, which was also due to the relatively minor contributions by the ElringKlinger joint venture ElringKlinger Marusan Corporation, Tokyo.

Initially, there had been concerns that supply chains in the automotive industry relating to specific Japanese-made components may be adversely affected and that there would be extended periods of production downtime worldwide as a result of operational stoppages or energy shortages in Japan. Ultimately, however, these concerns proved unfounded.

The risk that ElringKlinger may not be supplied, either at all or in the volumes needed, with the materials or input products required by the Group as a result of supply-side shortages did not materialize. Within this context, ElringKlinger also made successful efforts to substitute these commodities with alternative materials or newly developed product designs.

Currency risks

In view of the global debt crisis and the uncertainties surrounding economic policy in some European countries as well as the more pronounced movement of exchange rates as a result of this situation, the ElringKlinger Group is exposed to greater currency risk as a whole. The aforementioned factors may influence business performance within the Group.

This may come to the fore in particular in the event of significant changes to the current exchange rates between the euro and the Swiss franc, the Canadian dollar, the US dollar, the Brazilian real and the Mexican peso.

Movements in the exchange rate of the Swiss franc against the euro, in particular, have resulted in more pronounced fluctuations in the Group's net finance costs in recent quarters. In 2008, ElringKlinger AG financed the acquisition of the SEVEX Group in Swiss francs. Consequently, any appreciation of the Swiss franc has an adverse effect on net finance costs. There is no risk with regard to net cash from operating activities, as the financial liabilities in Swiss francs are scaled back with the help of profit distributions from ElringKlinger Abschirmtechnik (Schweiz) AG. Part of the loan has now been hedged by means of derivative instruments. The decision taken by the Swiss National Bank to peg the Swiss franc to the euro and not to allow its currency to appreciate beyond the mark of CHF 1.20 to the euro has eliminated the risk of further losses from the revaluation of financial liabilities denominated in Swiss francs.

Furthermore, the potential impact of exchange rate movements between the Swiss franc and the euro on operations has increased as a result of the majority takeover of the Swiss Hug Group. Hug generates a large part of its sales revenue in euros, whereas costs at present are primarily incurred in Swiss francs. Having said that, at around EUR 30 million in 2011, the projected contribution by the Hug Group to total revenue generated by the ElringKlinger Group is relatively modest.

ElringKlinger is currently undertaking efforts to mitigate these risks within the context of integration measures now being implemented at Hug. In this context, a key area of focus is to reduce currency risk when expanding production capacity within the eurozone. Currency risks can also be restricted by focusing on suppliers with the ability to bill in euros.

Economic performance: effects of the debt and financial crisis

The risk of the debt and financial crisis spilling over to the wider business environment and the real economy as a whole became more pronounced over the course of the third quarter 2011. Within this context, factors that are relatively difficult to gauge also play an important role, such as the loss of confidence among many consumers when it comes to constructive solutions put forward at a political level.

Against the backdrop of increasingly widespread crises within the international arena, companies are finding it more difficult to predict business conditions and make plans on the basis of their assessments. Given this situation, it is impossible to rule out that demand levels within the vehicle markets will also become more volatile. At present, there is no discernible evidence of a more pronounced slowdown within the automotive market as a whole back towards the crisis levels of 2008, a concern raised by some market players. What is more, ElringKlinger does not anticipate that this scenario will materialize.

ElringKlinger is looking to mitigate economic risks by further improving its flexibility in the area of production at a Group level and structuring the entire organization of the Group in such a way as to respond appropriately to more sizeable fluctuations in demand. At its German sites, for instance, ElringKlinger employs around 10 % of its workforce on the basis of temporary contracts. With the help of scenario analyses and by strategically lowering its break-even points in the business divisions, the Group as a whole is being primed to raise its responsiveness and flexibility to the highest possible level, particularly in areas relating to production.

Aspects such as the solid financial position and performance displayed by the ElringKlinger Group, underpinned by consistently strong cash flow and a substantial equity ratio of more than 40 %, are highly rated by customers, particularly in times of market volatility, and these factors have now become essential prerequisites for the award of contracts. In the long term, this opens up good opportunities for ElringKlinger to secure new orders and retain its financial independence when it comes to funding its future growth.

Outlook

Outlook – Market and Sector

Global economic growth loses momentum

The third quarter of 2011 saw a sharp deterioration in market sentiment, prompted first and foremost by the global debt crisis and the slump in international stock markets. Against this backdrop, many analysts revised downward their growth forecasts for global economic output in the coming year. Given the as yet solid level of orders recorded throughout the real economy, this outlook is somewhat baffling. In contrast to the view held in the capital markets, economists believe that the economic climate will become cooler in 2012. However, they also contend that the global economy as a whole will continue to expand within positive territory.

The latest forecast for 2011 as a whole suggests an increase in global economic output by 3.6 % (revised downward from 4.0 %). Supported by a continued yet modest economic recovery in the US and by the emerging markets, economic growth in 2012 is expected to be just marginally below that projected for 2011.

As the driving force behind Europe’s economic performance, Germany is expected to raise its gross domestic product (GDP) by 2.8 % in 2011, despite the gradual slowdown in growth. In 2012, GDP is forecast to expand by 1.0 % year on year. The eurozone economy as a whole has been adversely affected by the poor economic performance of some EU member states, as discussed earlier. European economic growth is expected to reach 1.6 % in 2011 (revised downward from 2.0 %). With little evidence of a short-term solution to the debt crisis, analysts predict marginal eurozone growth of 0.6 % at the most in 2012.

Forecasts for GDP growth in the United States were revised downward by 0.9 percentage points for 2011. On this basis, the outlook for economic growth in 2011 as a whole now stands at 1.6 %, which is relatively low in comparison with 2010. The US economy is expected to grow by 1.7 % in 2012.

The South American economies remain buoyant, although here, too, there is evidence to suggest a slight slowdown in the rate of growth. In Brazil, GDP is forecast to expand by 3.5 % in 2011 (previously 4.1 %), followed by projected growth by as much as 4.0 % in 2012.

When it comes to growth, the Asian countries remain the engine of the world economy. Excluding Japan, Asia is expected to see another surge in its GDP by 7.3 % in 2011. China is likely to grow by 8.9 %, while India can look forward to GDP growth of 7.4 %. This positive trend looks set to continue in 2012, with economic output expected to develop along similar lines as in the preceding year. On the back of the devastating natural disaster, the Japanese economy, by contrast, is expected to contract in 2011. For the year as a whole, GDP is forecast to decline by 0.6 %. The economy is likely to return to growth again in 2012.

Car demand expected to be less buoyant

In view of the current macroeconomic risks and the prevailing fiscal climate, the overall growth prospects for the global automotive markets are now generally considered to be less favorable.

Given the positive performance in the first half as well as the solid level of demand in the third quarter, the ElringKlinger Group remains confident that global car production will grow by 4 to 5 % year on year in 2011.

In recent months, market research institutes have in some cases revised their forecasts down significantly with regard to global vehicle production in 2012. Car production is now expected to expand by 4 to 5 %. ElringKlinger is operating on the assumption that global automobile production will remain stagnant or expand slightly in 2012.

Production levels in Germany continue to be buoyed by strong overseas demand. In 2011, exports are likely to exceed the record levels seen in 2007. Domestic car makers are expected to see their output grow to 5.9 (5.6) million vehicles. Supported by strong demand for German-made vehicles throughout Asia in particular, but also in the US, domestic car production has every chance of remaining buoyant in 2012.

In Europe, meanwhile, demand for cars in 2011 as a whole is expected to fall slightly short of the levels seen in the previous year. The moderate rate of growth recorded in Eastern Europe will be insufficient in terms of fully offsetting the decline in car sales in Western Europe. Owing to the difficult economic climate in the peripheral states of Southern Europe, the number of new car registrations in this region may decline sharply in the near future. Against this backdrop, there is every chance that new vehicle registrations in Europe as a whole will fall by a middle single-digit percentage range in 2012.

Despite the stagnant economic environment in the United States, the domestic automotive industry has been gathering pace. Although the forecasts for vehicle sales have been revised downward slightly for the current year, the US is still expected to produce around 12 (11.6) million cars and light trucks in 2011 as a whole. On this basis, the US vehicle market still remains well below the pre-crisis levels of around 15 million vehicles produced and 17 million sold.

In the medium term, however, there is potential for more pronounced growth, given the relatively high average age of vehicles in the US and the fact that for many years now annual scrappage rates – well over 12 million vehicles per annum – have been in excess of the overall number of new cars sold. Therefore, North American vehicle production is expected to grow at a moderate pace in 2012.

Brazil’s car market is expected to remain upbeat over the final months of 2011, although the rate of growth is likely to weaken slightly. Car sales for 2011 are forecast to grow by approx. 3 % compared to the previous year.

The enduring growth trend witnessed throughout the Asian markets remains unbroken. Given the strong desire for mobility and steady rise in purchasing power, there is every chance that the vehicle markets within this region will continue to grow. In 2011, car production in China will reach a level of around 18.0 million vehicles. In India, percentage growth in the number of cars sold is expected to be in double figures in 2011.

What is more, the emerging Asian markets are likely to remain on track for growth in 2012. The Chinese vehicle market, which has expanded from below 5 million units to 18 million units in the last five years, is forecast to grow by a middle single-digit percentage range in 2012. At the same time, demand within the ASEAN-9 markets has been growing visibly.

Japan is expected to record a decline in car sales by more than 20 % for 2011 as a whole. In addition to being impacted by the devastating tsunami, the market also had to contend with the discontinuation of incentive schemes for new vehicle purchases as the year progressed. By contrast, 2012 is expected to be better. Pent-up demand within the Japanese market is likely to have a positive effect on vehicle sales.

International truck markets face slowdown

The recovery of the commercial vehicle sector looks set to continue at a global level over the remaining three months of 2011. Global sales of heavy trucks in excess of six tons are expected to rise to approx. 3.0 million units in 2011. On this basis, truck sales will again fall short of the figure recorded prior to the economic crisis in 2008/2009.

In Europe, demand appears to be cooling amid growing uncertainties as to the potential impact of the debt crisis. Operating within this environment, some manufacturers have announced moderate adjustments to the production volumes planned for the remainder of 2011. Despite this situation, new registrations of heavy trucks in 2011 as a whole are estimated to exceed the previous year's figure by more than 20 %.

The North American market is likely to see considerable growth within the area of medium-sized and large trucks. Here, sales are expected to expand by around 30 % in 2011.

Since the devastating natural disaster, Japan's commercial vehicle market has stabilized markedly over the course of the year. However, annual sales of new trucks will fall short of the figures recorded in previous years.

Growth for US truck markets in 2012

The direction taken by truck markets in 2012 will depend to a large extent on the future economic climate. Whereas the European commercial vehicle market may potentially shrink by 10 % in terms of volumes sold, North America could see truck sales expand by up to 20 %. In Brazil, meanwhile, sales are expected to contract by around 10 % when compared with a particularly buoyant 2011.

The ElringKlinger Group currently generates around 12 % of its consolidated revenue through sales of components used in commercial vehicle engines, transmissions and exhaust systems. ElringKlinger's new plant located at the site in Dettingen/Erms is scheduled to commence operations at the beginning of 2012. Equipped with highly automated systems, it will provide production space of around 20,000 square meters. The plant will produce lightweight plastic housing modules – mainly for the truck segment of the market – that help to cut the overall weight of vehicles and thus reduce CO_2 emissions.

Outlook Company

Challenging market environment

The market environment remains intensely competitive, with challenging customer demands in respect of prices. Compared with the same period a year ago, commodity prices continue to trend at high levels.

Towards the end of the third quarter 2011, the market witnessed a fall in prices with regard to some key commodities, down from peaks seen in the second quarter. ElringKlinger tends to benefit from such reductions after an interval of several months, in the form of lower purchasing prices. With the price of nickel having fallen by around 30 % since mid-2011, ElringKlinger took advantage of the more favorable price climate and entered into hedging agreements for alloy surcharges (nickel) relating to part of the overall volume of high-grade steel required by the company.

In pursuing its current streamlining measures in production and applying new manufacturing processes, ElringKlinger is able to tap further potential for cost reductions.

The new, fully automated logistics centre located at the site in Dettingen/Erms, Germany, which is currently ramping up to full operation, will also help to improve the company's existing cost structures – thanks to the high degree of automation achieved, together with the advanced system of inventory management and the leaner logistics processes in place.

Order intake up significantly year on year

Having set a new record in the second quarter 2011, order intake sequentially weakened slightly in the third quarter. Having said that, order intake remained high compared to the same period a year ago, up 20.1 % to EUR 257.8 (214.7) million in the third quarter of 2011. The company's sites in Germany and Asia recorded above-average growth in order intake. As at September 30, 2011, order backlog within the ElringKlinger Group as a whole stood at EUR 440.9 (315.3) million, a year-on-year increase of 39.8 %.

Revenue and earnings forecast: sale of industrial park generates additional income of EUR 22.7 million

The acquisition of the Hummel Group, which was closed on October 24, 2011, is not expected to contribute significantly to Group revenue and earnings over the remainder of 2011. Hummel plans to generate sales of approx. EUR 20 million in fiscal 2011 as a whole, with an operating margin close to the double digit range. A third of its revenue originates from business with the ElringKlinger Group. Hummel is to be included in the scope of consolidation of the ElringKlinger Group as from October 1, 2011, making a pro-rata contribution to revenue and earnings.

Based on consistently solid order intake and the continued stability of the economy as a whole, the ElringKlinger Group retains its outlook of organic growth in revenue by 12 to 14 % for 2011. This will be complemented by revenue contributions of around EUR 50 million attributable to the first-time consolidation of the flat gaskets business of the Freudenberg Group and approx. EUR 30 million from the Swiss-based Hug Group. Thus, Group revenue will total EUR 970 to 985 million in the 2011 financial year.

In 2011, the operating margin of the ElringKlinger Group will temporarily be diluted by the as yet negative aggregate margins of the recently acquired entities, the purchase price allocations attributable to these acquisitions as well as the substantial costs and pre-expenses for the expansion of the extremely promising E-Mobility division. By the end of 2012, the earnings performance of the acquired entities is to be brought in line with that of the Group.

Despite these dilutive effects and the surge in raw material costs over the course of the first nine months of 2011, Group EBIT is to rise by 15 to 25 % in fiscal 2011 as a whole. Additionally, the Group will account for non-recurring other operating income of EUR 22.7 million from the sale of its Ludwigsburg industrial park.

Events after the Reporting Period

Apart from the closing of the majority acquisition of the Hummel Group, Lenningen, Germany, effective from October 1, 2011, as outlined above, there were no other significant events after the reporting period that are subject to mandatory disclosure.

Dettingen/Erms, November 10, 2011

The Management Board

Dr. Stefan Wolf   Theo Becker   Karl Schmauder

ElringKlinger and the Capital Markets

Unresolved debt crisis sends stock markets into tailspin

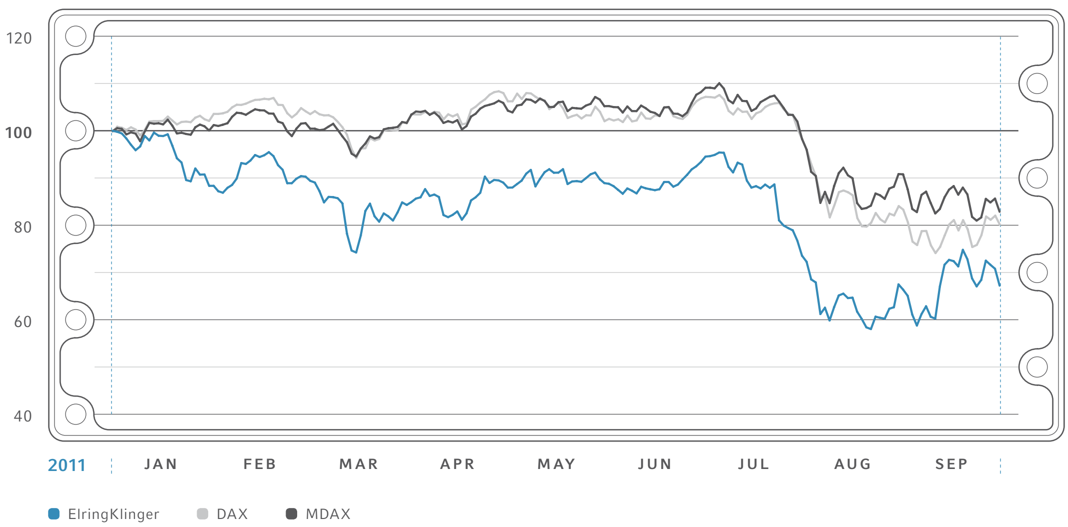
By mid-2011 the stock markets had largely recovered from the downturn caused by the natural disaster in Japan back in March. However, fueled by growing recessionary fears among investors, a situation that appeared unfounded in terms of the overall performance of the real economy, the international capital markets were again faced with a downward spiral in the weeks that followed. Alongside financial stocks, shares of automotive companies also came under increasing pressure, as a number of analysts decided to revise downwards their projected figures for global automobile production in direct response to the anticipated uncertainties associated with future economic performance.

ElringKlinger's shares were unable to detach themselves from this trend. In the wake of the general downturn within the market, the stock fell below the mark of EUR 20 in August and reached a low of EUR 15.15 towards the middle of the month. Within an environment that remained highly volatile, ElringKlinger's share price managed to recover significantly during the period up to the end of September, at times moving beyond the mark of EUR 19. At the end of the reporting period as of September 30, 2011 the company's stock stood at EUR 17.63.

ElringKlinger shares remain relatively robust compared to benchmark indices

Having gained almost 65 % in 2010, ElringKlinger's share price contracted by around 33 % in the first nine months of 2011, thus delivering a weaker performance in percentage terms than the company's benchmark indices. However, whereas both the DAX and the MDAX plunged by 20 % and 19 % respectively during the market downturn from the beginning of August to the end of September 2011, ElringKlinger's shares remained relatively strong, falling by just 12 %.

ELRINGKLINGER'S SHARE PRICE PERFORMANCE (XETRA) SINCE JAN. 1, 2011
compared to MDAX and DAX



Trading value doubles

At EUR 4,750,000, the average daily trading value of ElringKlinger shares more than doubled in the first nine months of 2011 when compared to the same period a year ago (EUR 2,021,000). In this context, the seasoned equity offering of October 2010 made a significant contribution to the marked improvement seen in the stock's liquidity levels. As a result of this offering, the number of shares issued increased by around 10.0 % in total, with the stock's free float rising to 48.0 % This makes the company's stock much more attractive to long-term institutional investors in particular, i.e. banks, insurers and pension funds.

Active dialog with capital markets at the IAA

ElringKlinger engages in ongoing dialog with the capital markets for the purpose of ensuring prompt and transparent communication. Over the course of the third quarter of 2011, for instance, the company attended a number of meetings and events with institutional investors, financial analysts and private shareholders. ElringKlinger traveled to a number of venues in the period under revue, among them Munich, Frankfurt, Trieste, London and the United States where it took part in international capital market conferences and road shows.

Additionally, ElringKlinger hosted a major event for investors and analysts at this year's International Motor Show (IAA) in Frankfurt am Main, which was well received. Addressing a group made up of more than fifty capital market representatives, the company's CEO Dr. Stefan Wolf and Karl Schmauder, the Management Board member responsible for Development and Sales, outlined ElringKlinger's corporate strategy and reported on the latest acquisitions, as well as presenting the most recent product developments within the area of e-mobility and exhaust technology. Under the heading "Theory Meets Practice", Professor Bratzel from the Center of Automotive at the University of Applied Sciences for Industry in Bergisch Gladbach gave his assessment of the future direction likely to be taken by the global vehicle markets and trends within the automotive industry as viewed from an academic perspective.

* INTERNET LINK

In July, private investors were given the opportunity to put questions to the CEO and discuss the latest company and market developments during a live chat hosted on the ElringKlinger website (**www.elringklinger.de/de/chat-mit-dem-ceo**)*. This is the second time that the 30-minute online chat was held. Questions can be submitted via an online form to be found in the Investor Relations section of the website and are then answered at the next CEO Chat.

* INTERNET LINK

In September, ElringKlinger addressed regional investment managers at an investor meeting staged by BWSC companies (Baden-Württemberg Small Caps: **www.bwsc.de***) in cooperation with the Stuttgart Stock Exchange. Stuttgart's Porsche Museum provided the venue for this event, as part of which Dr. Stefan Wolf presented the company and outlined its strategy against the backdrop of current economic developments. Alongside ElringKlinger, two other exchange-listed BWSC companies gave presentations at the meeting. Those attending the event were able to find out first-hand about the featured enterprises. Additionally, they took the opportunity to put questions directly to representatives of the companies and discuss key topics of interest to them.

Industry award for ElringKlinger's annual report

The highly renowned German Design Council honored ElringKlinger AG for its 2010 annual report as part of the first Automotive Brand Contest held in July 2011. Together with Audi and Volkswagen, ElringKlinger received an award within the Print/Annual Reports category for the outstanding design concept chosen for the company's annual report. In particular, the report excelled in terms of the innovative approach taken by the company as well as the consistent execution of content, photographic styling and graphics.

ElringKlinger Stock (ISIN DE 0007856023)	Jan.–Sept. 2011	Jan.–Sept. 2010
Number of shares outstanding	63,359,990	57,600,000
Share price (daily closing price in EUR)[1]		
High	26.45	23.47
Low	15.15	16.09
Closing rate Sept. 30	17.63	23.47
Average daily trading volume (German stock exchanges; no. of shares traded)	214,900	104,400
Average daily trading value (German stock exchanges; in EUR)	4,750,000	2,021,000
Market capitalization as at Sept. 30 (EUR m)	1,117.04	1,351.87

[1] XETRA trading

Group Income Statement

of ElringKlinger AG, January 1 to September 30, 2011

	3rd Quarter 2011 EUR k	3rd Quarter 2010 EUR k	9-months 2011 EUR k	9-months 2010 EUR k
Sales revenue	**264,360**	**202,526**	**763,226**	**586,202**
Cost of sales	-191,751	-139,142	-552,753	-406,383
Gross profit	**72,609**	**63,384**	**210,473**	**179,819**
Selling expenses	-16,907	-13,463	-48,445	-39,699
General and administrative expenses	-10,567	-7,129	-28,453	-20,897
Research and development costs	-12,782	-10,411	-36,993	-31,790
Other operating income	26,355	2,442	29,811	7,970
Other operating expenses	-746	-868	-2,434	-3,799
Operating result	**57,962**	**33,955**	**123,959**	**91,604**
Financial income	6,473	1,561	11,385	10,674
Financial costs	-7,269	-6,971	-23,010	-26,172
Net finance costs	**-796**	**-5,410**	**-11,625**	**-15,498**
Earnings before taxes	**57,166**	**28,545**	**112,334**	**76,106**
Income tax expense	-14,942	-7,837	-29,334	-19,698
Net income	**42,224**	**20,708**	**83,000**	**56,408**
of which: attributable to minority interests	1,155	971	2,423	2,461
of which: attributable to shareholders of ElringKlinger AG	**41,069**	**19,737**	**80,577**	**53,947**
Basic and diluted earnings per share in EUR	**0.65**	**0.34**	**1.27**	**0.94**

Group Statement of Comprehensive Income

of ElringKlinger AG, January 1 to September 30, 2011

	3rd Quarter 2011 EUR k	3rd Quarter 2010 EUR k	9-months 2011 EUR k	9-months 2010 EUR k
Net income	**42,224**	**20,708**	**83,000**	**56,408**
Currency translation difference	1,153	-10,220	-2,461	14,460
Changes recognized directly in equity	**1,153**	**-10,220**	**-2,461**	**14,460**
Total comprehensive income	**43,377**	**10,488**	**80,539**	**70,868**
of which: attributable to minority interests	1,340	367	2,964	2,832
of which: attributable to shareholders of ElringKlinger AG	**42,037**	**10,121**	**77,575**	**68,036**

Group Statement of Financial Position

of ElringKlinger AG, as at September 30, 2011

	Sept. 30, 2011 EUR k	Dec. 31, 2010 EUR k	Sept. 30, 2010 EUR k
ASSETS			
Intangible assets	112,057	91,460	89,502
Property, plant and equipment	514,233	449,494	429,702
Investment property	13,763	26,094	26,306
Financial assets	1,772	1,547	1,537
Non-current income tax assets	3,086	3,409	3,642
Other non-current assets	1,197	1,758	707
Deferred tax assets	19,899	18,749	13,536[1]
Non-current assets	**666,007**	**592,511**	**564,932**
Inventories	193,462	138,649	122,629
Trade receivables	192,988	138,195	142,631
Current income tax assets	260	1,658	2,439
Other current assets	30,991	9,175	13,399
Cash	56,558	101,190	34,256
Current assets	**474,259**	**388,867**	**315,354**
	1,140,266	981,378	880,286

[1] Prior-period figure adjusted, see disclosures in the consolidated notes of the annual report 2010 (cf. page 139)

	Sept. 30, 2011 EUR k	Dec. 31, 2010 EUR k	Sept. 30, 2010 EUR k
LIABILITIES AND EQUITY			
Share capital	63,360	63,360	57,600
Capital reserves	118,238	118,238	2,747
Revenue reserves	362,549	304,148	292,478
Other reserves	8,245	11,247	6,600 [1]
Equity attributable to the shareholders of ElringKlinger AG	**552,392**	**496,993**	**359,425**
Minority interests	28,477	15,340	15,299 [1]
Equity	**580,869**	**512,333**	**374,724**
Provisions for pensions	74,306	66,645	63,144 [1]
Non-current provisions	12,192	10,378	6,539
Non-current financial liabilities	132,872	122,359	147,757
Deferred tax liabilities	43,192	34,686	33,670
Other non-current liabilities	23,284	34,313	31,651
Non-current liabilities	**285,846**	**268,381**	**282,761**
Current provisions	14,366	10,721	9,965
Trade payables	50,273	46,405	37,168
Liabilities to affiliated companies	0	0	0
Current financial liabilities	121,175	76,876	102,423
Tax payable	12,991	10,440	18,479
Other current liabilities	74,746	56,222	54,766
Current liabilities	**273,551**	**200,664**	**222,801**
	1,140,266	981,378	880,286

[1] Prior-period figures adjusted, see disclosures in the consolidated notes of the annual report 2010 (cf. page 139)

Group Statement of Changes in Equity

of ElringKlinger AG, January 1 to September 30, 2011

	Share Capital EUR k	Capital-reserves EUR k	Revenue reserves EUR k
Balance as of Dec. 31, 2009 / Balance as of Jan. 1, 2010	**57,600**	**2,747**	**250,051**
Dividend distribution			-11,520
Total comprehensive income			53,947
Net income			53,947
Changes recognized directly in equity			
Balance as of Sept. 30, 2010	**57,600**	**2,747**	**292,478**
Balance as of Dec. 31, 2010	**63,360**	**118,238**	**304,148**
Dividend distribution			-22,176
Changes to scope of consolidation			
Total comprehensive income			80,577
Net income			80,577
Changes recognized directly in equity			
Balance as of Sept. 30, 2011	**63,360**	**118,238**	**362,549**

Other reserves					
Revenue reserves from SoRIE/OCI EUR k	Equity impact of controlling interests EUR k	Currency translation differences EUR k	Equity attributable to the shareholders of ElringKlinger AG EUR k	Minority interests EUR k	Group equity EUR k
-1,410	**0**	**-6,079**	**302,909**	**13,166**	**316,075**
			-11,520	-699	-12,219
		14,089	68,036	2,832	70,868
			53,947	2,461	56,408
		14,089	14,089	371	14,460
-1,410	**0**	**8,010**	**359,425**	**15,299**	**374,724**
-4,255	**-946**	**16,448**	**496,993**	**15,340**	**512,333**
			-22,176	-908	-23,084
				11,081	11,081
		-3,002	77,575	2,964	80,539
			80,577	2,423	83,000
		-3,002	-3,002	541	-2,461
-4,255	-946	13,446	552,392	28,477	580,869

Group Statement of Cash Flows

of ElringKlinger AG, January 1 to September 30, 2011

	3rd Quarter 2011 EUR k	3rd Quarter 2010[1] EUR k	9-months 2011[1] EUR k	9-months 2010[1] EUR k
Earnings before taxes	57,166	28,545	112,334	76,106
Depreciation/Amortization (less write-ups) of non-current assets	21,896	18,732	65,774	59,125
Net interest	3,017	3,175	9,380	9,544
Change in provisions	-345	-254	31	-1,082
Gains/Losses on disposal of non-current assets	-23,003	203	-22,763	204
Change in inventories, trade receivables and other assets not resulting from financing and investing activities	-7,728	-13,035	-80,585	-62,088
Change in trade payables and other liabilities not resulting from financing and investing activities	-18,340	3,704	-20,092	13,200
Income taxes paid	-4,052	-2,738	-15,392	-8,492
Interest paid	-1,966	-2,237	-6,927	-6,852
Interest received	5	24	151	82
Other non-cash expenses/income	-3,451	951	181	5,843
Net cash from operating activities	**23,199**	**37,070**	**42,092**	**85,590**
Proceeds from disposals of intangible assets, property, plant and equipment and investment properties	34,000	38	35,112	670
Proceeds from disposals of financial assets	251	201	367	584
Payments for investments in intangible assets	-2,086	-1,166	-4,986	-3,528
Payments for investments in property, plant and equipment and investment properties	-27,384	-29,930	-77,687	-85,842
Payments for investments in financial assets	-262	-200	-371	-481
Payments for the acquisition of consolidated entities	0	0	-51,629	0
Net cash from investing activities	**4,519**	**-31,057**	**-99,194**	**-88,597**
Proceeds from the issue of shares	0	0	0	0
Proceeds from minorities for the purchase of shares	0	0	5,181	0
Payments to minorities for the purchase of shares	0	0	0	0
Dividends paid to shareholders and minorities	-908	-507	-23,084	-12,219
Changes in current financial liabilities	-34,180	2,303	28,043	43,753
Additions to non-current financial liabilities	21,761	918	28,729	918
Repayment of non-current financial liabilities	-3,399	-4,610	-28,709	-23,385
Net cash from financing activities	**-16,726**	**-1,896**	**10,160**	**9,067**
Changes in cash	10,992	4,117	-46,942	6,060
Effects of currency exchange rates on cash	1,823	-1,809	143	2,616
Cash inflow from the acquisition of consolidated entities	0	0	2,167	0
Cash at beginning of period	43,743	31,948	101,190	25,580
Cash at end of period	56,558	34,256	56,558	34,256

[1] Prior quarters adjusted – please refer to Notes

Group Sales by Region

	3rd Quarter 2011 EUR k	3rd Quarter 2010 EUR k	9-months 2011 EUR k	9-months 2010 EUR k
Germany	78,858	59,331	225,637	170,787
Rest of Europe	85,377	58,961	256,763	177,651
NAFTA	40,571	37,387	123,049	106,023
Asia and Australia	43,833	33,653	111,677	92,625
South America and other	15,721	13,194	46,100	39,116
Group	264,360	202,526	763,226	586,202

Segment Reporting

of ElringKlinger AG, July 1 to September 30, 2011

Segment	Original Equipment 2011 EUR k	Original Equipment 2010 EUR k	Aftermarket 2011 EUR k	Aftermarket 2010 EUR k	Engineered Plastics 2011 EUR k	Engineered Plastics 2010 EUR k
Segment sales	**214,714**	**158,702**	**29,181**	**27,291**	**23,260**	**18,505**
- Intersegment sales	-5,509	-4,983	0	0	0	0
Sales revenue	**209,205**	**153,719**	**29,181**	**27,291**	**23,260**	**18,505**
EBIT[1]	**25,304**	**20,637**	**6,390**	**6,388**	**5,019**	**3,140**
+ Interest income	19	8	5	4	127	105
- Interest expenses	-2,697	-2,752	-261	-266	-45	-106
Earnings before taxes	**22,626**	**17,893**	**6,134**	**6,126**	**5,101**	**3,139**
Depreciation and amortization	-20,671	-17,339	-235	-216	-712	-616
Investments[2]	25,815	29,160	2,797	410	739	1,316

January 1 to September 30, 2011

Segment	Original Equipment 2011 EUR k	Original Equipment 2010 EUR k	Aftermarket 2011 EUR k	Aftermarket 2010 EUR k	Engineered Plastics 2011 EUR k	Engineered Plastics 2010 EUR k
Segment sales	**621,678**	**457,061**	**85,541**	**81,199**	**63,598**	**53,359**
- Intersegment sales	-16,998	-13,786	0	0	0	0
Sales revenue	**604,680**	**443,275**	**85,541**	**81,199**	**63,598**	**53,359**
EBIT[1]	**65,662**	**56,752**	**18,356**	**17,435**	**11,447**	**8,057**
+ Interest income	150	55	16	14	235	284
- Interest expenses	-7,962	-8,258	-785	-808	-533	-318
Earnings before taxes	**57,850**	**48,549**	**17,587**	**16,641**	**11,149**	**8,023**
Depreciation and amortization	-61,683	-54,847	-554	-721	-2,112	-1,885
Investments[2]	75,456	83,478	4,164	1,303	2,413	4,051

[1] Earnings before interest and taxes
[2] Additions to Intangible Assets and Property, Plant & Equipment

	Industrial Parks		Services		Consolidation		Group	
	2011 EUR k	2010 EUR k	2011 EUR k	2010 EUR k	2011 EUR k	2010 EUR k	2011 EUR k	2010 EUR k
	1,557	**2,037**	**2,460**	**2,322**	**-1,303**	**-1,348**	**269,869**	**207,509**
	0	0	0	0	0	0	-5,509	-4,983
	1,557	**2,037**	**2,460**	**2,322**	**-1,303**	**-1,348**	**264,360**	**202,526**
	23,092	**992**	**378**	**563**			**60,183**	**31,720**
	0	0	0	0	-115	-93	36	24
	-157	-157	-8	-11	115	93	-3,053	-3,199
	22,935	835	370	552			57,166	28,545
	-28	-281	-250	-280			-21,896	-18,732
	20	148	99	62			29,470	31,096

	Industrial Parks		Services		Consolidation		Group	
	2011 EUR k	2010 EUR k	2011 EUR k	2010 EUR k	2011 EUR k	2010 EUR k	2011 EUR k	2010 EUR k
	5,777	**5,959**	**7,264**	**5,996**	**-3,634**	**-3,586**	**780,224**	**599,988**
	0	0	0	0	0	0	-16,998	-13,786
	5,777	**5,959**	**7,264**	**5,996**	**-3,634**	**-3,586**	**763,226**	**586,202**
	25,156	**2,722**	**1,093**	**684**	**0**	**0**	**121,714**	**85,650**
	0	1	0	0	-191	-272	210	82
	-471	-482	-30	-32	191	272	-9,590	-9,626
	24,685	2,241	1,063	652	0	0	112,334	76,106
	-581	-823	-844	-849	0	0	-65,774	-59,125
	195	241	444	297	0	0	82,672	89,370

Notes to the Third Quarter and First Nine Months of 2011

ElringKlinger AG is an exchange-listed stock corporation headquartered in Germany.

The accompanying condensed consolidated interim financial statements of ElringKlinger AG and its subsidiaries as of September 30, 2011, have been prepared in accordance with the International Financial Reporting Standards (IFRS) promulgated by the International Accounting Standards Board (IASB) and the Interpretations issued by the IFRS Interpretations Committee, as adopted by the European Union (EU).

As the consolidated interim financial statements are presented in a condensed format, the financial statements accompanying the report on the third quarter of the financial year do not include all information and disclosures required under IFRS for annual consolidated financial statements.

The consolidated interim financial statements have not been audited. They were authorized for issue based on a resolution passed by the Management Board on November 10, 2011.

Basis of Reporting

With the exception of the change to the accounting policy for customized tools (as discussed in the report on the first quarter of 2011), the accounting policies applied to the consolidated interim financial statements for the first nine months of 2011 correspond to those used in the consolidated financial statements for the financial year ended December 31, 2010.

For a detailed description of the basis of preparation and accounting policies, please refer to the notes to the consolidated financial statements of the 2010 Annual Report published by ElringKlinger AG.

The cost-of-sales (also referred to as function-of-expense) method has been applied when preparing the Group income statement.

The presentation currency of the ElringKlinger Group is the euro.

As from the second quarter 2011 the unrealized foreign currency gains and losses included in the Statement of Cash Flows, previously also recognized in financing cash flows, have been recognized or adjusted in cash flows from operating activities in accordance with IAS 7.20(b). The prior-quarter figures were adapted for the purpose of improving comparability.

Hug Engineering AG, Switzerland, Hug Filtersystems AG, Switzerland, and Hug Infra AG, Switzerland, were merged into Hug Holding AG, Switzerland retrospectively as of May 1, 2011. Subsequently, the trading name of Hug Holding AG was changed to Hug Engineering AG.

Effective from September 1, 2011, ElringKlinger S.p.A, Italy, was merged into Oigra Meillor s.r.l., Italy.

Alongside the financial statements of ElringKlinger AG, the interim financial statements as of September 30, 2011 include the financial statements of four domestic and 25 foreign entities in which ElringKlinger AG holds a direct or indirect interest of more than 50 % or over which, for other reasons, it has the power to govern the financial and operating policies ("Control"). Inclusion in the consolidated group commences on the date on which control is obtained; it ceases as soon as control no longer exists.

The two joint-venture companies ElringKlinger Korea Co., Ltd., Changwon, South Korea, and ElringKlinger Marusan Corporation, Tokyo, Japan, with both of their subsidiaries, were included in the interim report on the basis of proportionate consolidation in accordance with IAS 31. In the case of proportionate consolidation, all assets and liabilities as well as expenses and income of the joint ventures are included in the consolidated financial statements at the proportionate interest held (50 %).

In connection with a warranty incident, ElringKlinger AG and the customer affected concluded a settlement agreement for the payment of an amount totaling EUR 24.4 million. The warranty incident relates to gaskets supplied at the beginning of 2008. A partial amount of EUR 17.4 million has already been paid in 2011. Payment of the remaining amount will be distributed over 2012 and 2013. In parallel, ElringKlinger AG has a claim against its insurers for the same amount, of which EUR 10.0 million was settled in July 2011. Negotiations with the insurers as regards the settlement of the remaining amount claimed have yet to be concluded. ElringKlinger anticipates that this claim will be settled in full.

In the first nine months of 2011, the acquisition of the static flat gaskets business from Freudenberg & Co. KG, Weinheim, which came into effect on January 1, 2011, contributed EUR 41,438k to the sales revenue and EUR - 1,812k to earnings before taxes of the ElringKlinger Group. The acquisition of the Hug Group effective from May 1, 2011, contributed EUR 17,484k to the sales revenue and EUR - 755k to earnings before taxes of the ElringKlinger Group.

Disposals

Effective from September 30, 2011, ElringKlinger AG sold land and buildings of its Ludwigsburg industrial park for EUR 34.0 million. Totaling EUR 22.7 million, pre-tax income realized in connection with the sale has been accounted for in "other operating income" within the Group income statement and has been allocated to the Industrial Parks segment.

Exchange rates and derivative financial instruments

Exchange rates developed as follows:

Currency	Abbr.	Rate on the closing date Sept. 30, 2011	Rate on the closing date Dec. 31, 2010	Average rate Jan. – Sept. 2011	Average rate Jan.– Dec. 2010
US Dollar (USA)	USD	1.34940	1.33800	1.41791	1.32091
Pound (United Kingdom)	GBP	0.86500	0.86250	0.87680	0.85601
Swiss Franc (Switzerland)	CHF	1.21700	1.25250	1.23567	1.36998
Canadian Dollar (Canada)	CAD	1.41080	1.33700	1.38770	1.36522
Real (Brazil)	BRL	2.48360	2.22110	2.31558	2.32703
Mexican Peso (Mexico)	MXN	18.61580	16.59260	17.17032	16.69878
RMB (China)	CNY	8.61580	8.82050	9.19437	8.92888
WON (South Korea)	KRW	1,592.00000	1,500.89000	1,551.45556	1,528.50083
Rand (South Africa)	ZAR	10.96690	8.88490	9.93343	9.65535
Yen (Japan)	JPY	103.65000	108.80000	113.65222	115.29333
Forint (Hungary)	HUF	293.06000	277.84000	271.50778	276.38500
Turkish Lira (Turkey)	TRY	2.51240	2.06610	2.32467	1.99815
Indian Rupee (India)	INR	66.15000	59.82760	64.37208	60.23459

In the first nine months of 2011, derivative financial instruments were used for the purpose of hedging interest rate risks.

Owing to the performance of the swap transactions, the Group recorded a negative earnings effect in the first nine months of 2011. The balance between the reduction of current provisions (other operating income of EUR 60k) and settlement payments to be made (other operating expense of EUR 172k) led to a charge of EUR 112k against earnings before taxes in the first nine months of 2011.

Contingencies and related-party disclosures

The contingencies and related-party relationships disclosed in the consolidated financial statements for 2010 were not subject to significant changes in the first nine months of 2011.

Government grants

As a result of government grants for development projects, other operating income rose by EUR 1,771k in the first nine months of 2011.

Events after the reporting date

Effective from October 1, 2011, ElringKlinger AG acquired 90 % of the ownership interests in the Hummel Group, based in Lenningen, Germany. The Hummel Group encompasses Hummel-Formen GmbH as well as Hummel-Formen Kunststofftechnik GmbH and two subsidiaries in Romania. In acquiring majority interest, ElringKlinger has reinforced its expertise with regard to tooling technology and expanded its knowledge in the field of lightweight engineering, particularly in terms of incorporating fiber-reinforced composites.

The provisional purchase price payable for the 90 % interest is around EUR 13.8 million. The definitive purchase price will be calculated on the basis of the completion accounts as of October 1, 2011. These calculations have yet to be concluded.

There were no further significant events after the end of the interim reporting period that necessitate additional explanatory disclosure.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Dettingen/Erms, November 10, 2011

The Management Board

Dr. Stefan Wolf | Theo Becker | Karl Schmauder

Disclaimer – Forward-looking Statements and Forecasts

This report contains forward-looking statements. These statements are based on expectations, market evaluations and forecasts by the Management Board and on information currently available to them. In particular, the forward-looking statements shall not be interpreted as a guarantee that the future events and results to which they refer will actually materialize. Whilst the Management Board is confident that the statements as well as the opinions and expectations on which they are based are realistic, the aforementioned statements rely on assumptions that may conceivably prove to be incorrect. Future results and circumstances depend on a multitude of factors, risks and imponderables that can alter the expectations and judgments that have been expressed. These factors include, for example, changes to the general economic and business situation, variations of exchange rates and interest rates, poor acceptance of new products and services, and changes to business strategy.

This report was published on November 10, 2011, and is available in German and English. Only the German version shall be legally binding.

Financial Calendar 2012

MARCH 29, 2012
Annual Press Conference, Analysts' Meeting

MAY 16, 2012
107th Annual General Shareholders' Meeting

Calendar Trade Fairs

DECEMBER 6 – 7, 2011
10th International CTI Symposium & Expo
Innovative Automotive Transmissions and Hybrid & Electric Drives, Berlin

SEPTEMBER 11 – 16, 2012
Trade fair Automechanika, Frankfurt

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